

*Pay + allowances #5
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JUL 23 1953

MEMORANDUM FOR: Legislative Counsel

SUBJECT : Proposed Legislation Affecting Employment of Retired Officers

REFERENCES : H.R. 4674 - 83d Congress
H.R. 5959 - 83d Congress

1. This Office has reviewed the proposed bills referenced above and comments as follows:

2. H.R. 4674

a. The provisions of this measure concern the dual compensation and employment restrictions of the Economy Act of June 30, 1932 (5 U.S.C. sec. 59a) and the Act of July 31, 1894 as amended (5 U.S.C. sec. 62).

b. Section 212 of the Economy Act of 1932 requires that when the combined rate of civilian compensation and retired pay for commissioned service exceeds \$3,000 per annum, the person involved is entitled to the pay of the civilian office or the retired pay, whichever he may elect, except that this provision does not apply to officers retired for combat disability. H.R. 4674 would amend this requirement by raising the ceiling to the greater of the following: \$6000 or the amount determined by the Secretary of Labor, based on the same ratio to \$3000 as current average price levels bear to average price levels in 1932. This section thus liberalizes the ceiling imposed by the 1932 Act.

c. The proposed bill also alters the restrictions contained in the Act of July 31, 1894 (5 U.S.C. sec. 62). The statute, as amended, now stipulates that no person shall be appointed to another office, to which compensation is attached, if he holds an office providing a salary or an annual compensation amounting to \$2500 or more, provided that this provision does not apply to an enlisted man, an officer retired for physical or combat disability, a retired officer

elected to public office or appointed to an office by the President, or an individual, specifically excluded by law. H.R. 4674 seeks to except all retired officers from the prohibitions of the 1894 law. Adoption of this proposal would nullify the effects of P.L. 53 - 82d Congress, which permits the Agency to hire not more than 15 retired officers without regard to sec. 2 of the Act of 1894. The latter Act stipulates that such officers are entitled to elect either the compensation of their position or retired pay, and this provision is also contained in H.R. 4674.

3. H.R. 5959

This Act is another proposal for changing the text of the Economy Act of 1932. Whereas the statute now specifies that commissioned officers retired for disability incurred in combat with an enemy are excepted from the provisions of the Act, H.R. 5959 would insert the language, "or (2) caused by an instrumentality of war and incurred in line of duty" It appears that the change is essentially a clarification since the explosion of an instrumentality of war, as well as combat injury, is currently a basis for combat disability retirement.

4. The Personnel Office endorses both bills. Passage of H.R. 4674 would permit this Agency to employ any commissioned officer, irrespective of the type of his retirement, subject only to the Economy Act of 1932 as amended by this bill.



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Personnel Director

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